

## JAPAN WEEKLY REVIEW

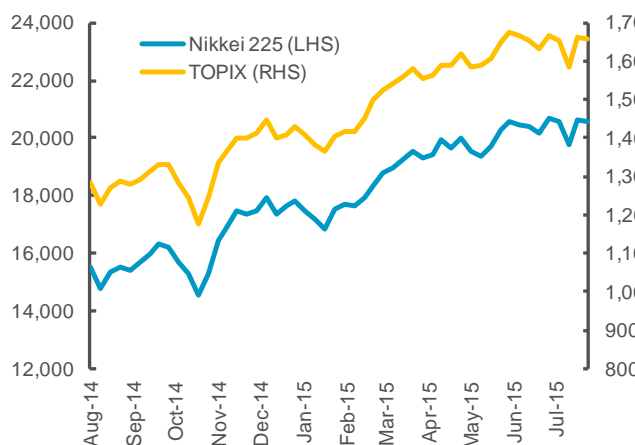
### For Week Commencing 20 July, 2015

#### MARKET REVIEW

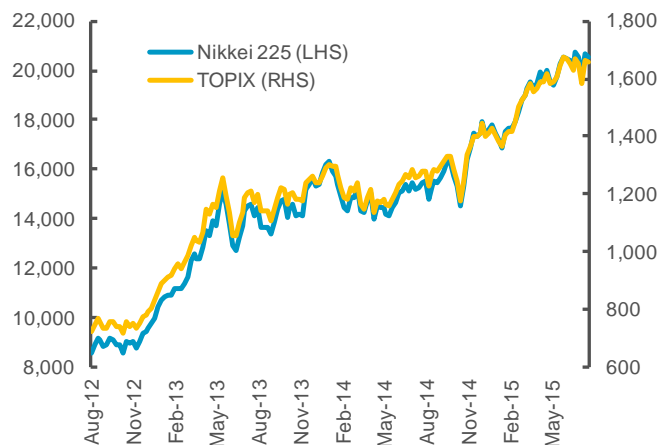
Below are performance data for the TOPIX, Nikkei 225 and JPX-Nikkei 400, stock indices representative of Japan's stock market:

Stock Index	As of 2015/7/24	Performance Returns (%)					
		1 Week	Rolling 3 Months	Rolling 6 Months	Rolling 1 Year	MTD	YTD
Nikkei 225	20,544.53	-0.5	2.6	17.3	34.4	1.5	17.7
TOPIX	1,655.86	-0.4	2.3	18.0	30.4	1.6	17.6
JPX-Nikkei 400	14,929.07	-0.6	1.7	17.1	29.1	1.4	16.9

**Nikkei 225 & TOPIX  
1 Year Performance**



**Nikkei 225 & TOPIX  
3 Year Performance**



Source: Nikko AM, Tokyo Stock Exchange, Inc., as of 24 July 2015

※Past performance or any prediction, projection or forecast is not indicative of future performance.

#### MACRO & OTHER DATA

- ✓ July Economic Report: Japan government maintains view that economy is in moderate recovery
- ✓ Japan department store sales up 0.4% in June, rising for the third consecutive month
- ✓ Japan trade deficit shrinks to ¥69 billion (approx. US\$546 million) in June on increased exports, reduced imports

- On 21 July, the Japanese government published its monthly economic report for July, in which it maintained for the fourth consecutive month its basic assessment that the economy is “in a moderate recovery”. In particular, the government cited signs that private consumption is picking up. At the same time, it downgraded its view on industrial production for the first time in two months, now stating that it has recently been “flat”. The government also said that the automobile sector is still feeling the impact of last year’s tax hike, with weakness persisting in the sales of minicars. Additionally, it lowered its assessment of the Chinese economy, now saying that it is “gradually slowing down”. Up until June, it had said that the Chinese economy’s “pace of expansion has eased”.
- According to data released by the Japan Department Stores Association on 21 July, national department store sales (on an same-store basis) increased 0.4% on-year in June, to ¥487.9 billion (approx. US\$4.0 billion), marking the third consecutive month of improvement. Sales of general goods such as household items rose, compensating for the negative impact of unstable weather. Additionally, sales to overseas tourists visiting Japan more than quadrupled to ¥16.4 billion (approx. US\$134 million). Foreign luxury brands and women’s clothing and accessories continued to sell strongly. In terms of sales via duty-free counters, tourists from China accounted for the most purchases, followed by tourists from Taiwan, Hong Kong, and Thailand.
- According to preliminary trade statistics (on a customs clearance basis) released by the Ministry of Finance on 23 July, Japan recorded a ¥69.0-billion (approx. US\$546 million) trade deficit - calculated as the value of exports minus the value of imports - in June. It was the third straight month that a trade deficit was recorded, but the amount shrank substantially from the ¥200.0-billion (approx. US\$1.6 billion) deficit recorded in May and the ¥834.0-billion (approx. US\$101 billion) recorded in June 2014. Contributing to the improved trade balance were both a weaker yen, which supported an increase in the overall value of exports, and cheap crude oil prices, which helped reduce the overall value of imports. Exports increased for the tenth month in a row, rising 9.5% on-year to ¥6.5 trillion (approx. US\$53.2 billion). In particular, the value of automotive exports rose, mainly on shipments to the U.S., while exports of electronic components such as semiconductors rose on orders from China and Taiwan. Imports decreased 2.9% on-year to ¥6.6 trillion (approx. US\$53.7 billion), marking the sixth consecutive monthly decline. Import values of crude oil and LNG, mainly from the Middle East, also dropped, with the import value of crude oil decreasing for the eleventh straight month.

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